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October 27, 2003

Ms. Jean Gray
 Assistant Regional Manager for Power marketing
 Western Area Power Administration
 P.O. Box 6457
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DSW REGIONAL OFFICE OFFICIAL FILE COPY		
Date	Initial	Code
	NOV - 4 2003	
11/5/03	JAG	26000
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Re: Draft Amendment No. 1 to Contract No 87-BCA-10103 between Western and Salt River Project

Dear Jean:

I appreciate hearing that you have extended the period for customer comment on the Parker-Davis contract extension and amendment. I think there a number of questions and issues that need to be addressed before Parker-Davis Firm Electric Service contractors, including SRP, will be ready and willing to execute the amendment. SRP requests that Western allow the time it takes to adequately work through those issues –better to deal completely with everything now, rather than to find after the amendment has been executed that a significant matter has been overlooked or ignored.

Your time schedule also indicates contract execution within 30 days after presentation of a finalized amendment. Yet discussion at your October 1 customer meeting indicated an FES contractor must sign the amendment by the end of FY 2005 or lose its allocation (since the resource pool allocations then need to be made). If the latter is indeed the case, SRP recommends and requests that the amendment with regard to the advance payment provision become effective for all FES contractors at the same time, and that the earliest practical date certain would be October 1, 2005. This would avoid two problems: 1) beginning advance payment under this amendment in the middle of a fiscal year and 2) having some FES contractors advancing payments under the amendment and some not, because they had not yet executed the amendment.

SRP participated in a discussion among several of the Parker-Davis contractors last week, including the Colorado River Commission of Nevada, wherein the comments and concerns of CRC were reviewed. SRP concurs with and supports the comments submitted by CRC in its October 23, 2003 letter addressed to you.

Two additional comments with regard to the draft contract amendment:

1. Western should closely review the citations included in the preamble; there appears to be an inconsistency in at least one of the citations when compared

- with the citations that are listed in the Advancement of Funds contract among Western, the Bureau of Reclamation and various Parker-Davis contractors.
2. There are several instances where "Salt River Project Agricultural Improvement and Power District" is incorrectly spelled (including the page headers on the Exhibits).

Again, I thank you for being responsive to the customers' request for more time and the opportunity to meet with Western on November 4th.

Sincerely,

A handwritten signature in black ink, reading "Mark S. Mitchell". The signature is written in a cursive style with a large, stylized "M" and "S".

Mark S. Mitchell

cc. Tyler Carlson, Tony Montoya-Western
FES Contractors (by E-mail)